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National Home Center News®

Vol. 12, No. 17 The pe… owners and contractors. Published by Lebhar-Friedman Inc. Aug. 11, 1986
$2 a copy

From concept to consumer: GETTING NEW PRODUCTS TO MARKET

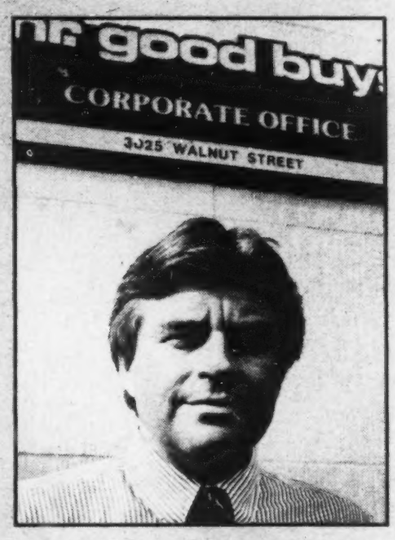
National Home Center News®

Vol. 12, No. 17 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. August 11, 1986

Thornton expected to lead expansion at Goodbuys

By Brad Altman
NHCN staff editor

PHILADELPHIA — Former Orchard Supply Hardware president Thomas Thornton, who late last month took over as president of Mr. Goodbuys, is expected to lead the 10-store chain in an aggressive expansion campaign that may include acquisitions.



Thomas Thornton

A native of Manhasset, N.Y., Thornton, 39, will report directly to Steven Erlbaum, Mr. Goodbuys chairman and ceo and former Mr. Goodbuys president Dan Neducsin, who becomes vice chairman of the board and chief operating officer of the company that did some $90 million in sales last year.

"We have gigantic plans over the next four years to become a billion dollar retailer," Erlbaum told *NHCN*. Key to that plan, said Erlbaum, will be finding real estate, building stores and looking at acquisitions.

(Continued on page 191)

Mr. HOW cancels all orders, 25% of store help laid off

By Donald Longo
NHCN staff editor

MARGATE, Fla. — The vital signs at Mr. HOW Warehouse are getting faint.

Knowledgeable company sources report that 25% of the chain's store personnel—or at least roughly 550 people—were laid off on July 28.

Only four days earlier, the beleaguered chain of 22 home improvement stores owned by Service Merchandise Company, reportedly cancelled all orders with its vendors.

That decision came 24 hours after a separate move involving the dismissal of at least 60 employees from its office staff here, including executive vp Hank Kirschner, the chain's second highest-ranking official; merchandising vp Gary Landress; and merchandise managers Bob Salico, Richard Johnson and Mary Gamble.

"The only signals I'm getting from [Mr. HOW's] head-

(Continued on page 8)

O'Malley Lumber begins retrofit program for all units in chain

By John Caulfield
NHCN staff editor

PHOENIX — O'Malley Lumber Co. here began a major remodeling program last month that, over the next 12 months, will upgrade the interiors of all 16 of its home centers.

The company has just completed retrofitting its 4,000-sq.-ft. unit in Buckeye, about 35 miles west of Phoenix, and, in late July, was halfway through renovating one of its Mesa, Ariz., units and was about to start on its Phoenix unit located on Indian School Road.

The renovation program will cost O'Malley's between $40,000 and $60,000 per store, depending on its size and condition, according to Robert Sanderson, the chain's director of marketing who joined O'Malley's in January from W.R. Grace's Western Region. Sanderson also served a two-year stint at Boise Cascade (where he helped to remodel many of its stores) and

(Continued on page 191)

Five vp's run Orchard during search for ceo

By an NHCN staff editor

SANTA MONICA, Calif. — Wickes Cos. said it is searching for a new chief executive of 21-unit Orchard Supply Hardware in the wake of president Thomas Thornton Jr.'s resignation, effective July 25, to become president of 10-unit Mr. Goodbuys in Philadelphia.

Meanwhile, under an interim operating plan, the San Jose, Calif.-headquartered company will be run by five company vice presidents: John Self, vp-store operations; Bob Lewis, vp-merchandising; Bill Collard, vp-distribution; Steve Hilberg, vp-finance; and Carolyn McInnes, vp-human resources.

In an unrelated development, OSH veteran Loren Smith, who had been acting in

(Continued on page 8)

New Survey:

Dealers face hidden costs of accidents

By an NHCN staff editor

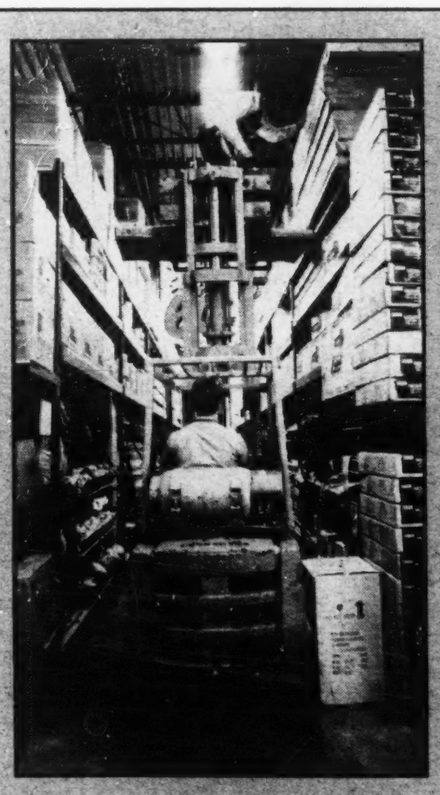
NEW YORK — Workers compensation costs in the home center industry rose dramatically last year to an average of $3.25 per $100 of payroll from $2.78 per $100 in 1984.

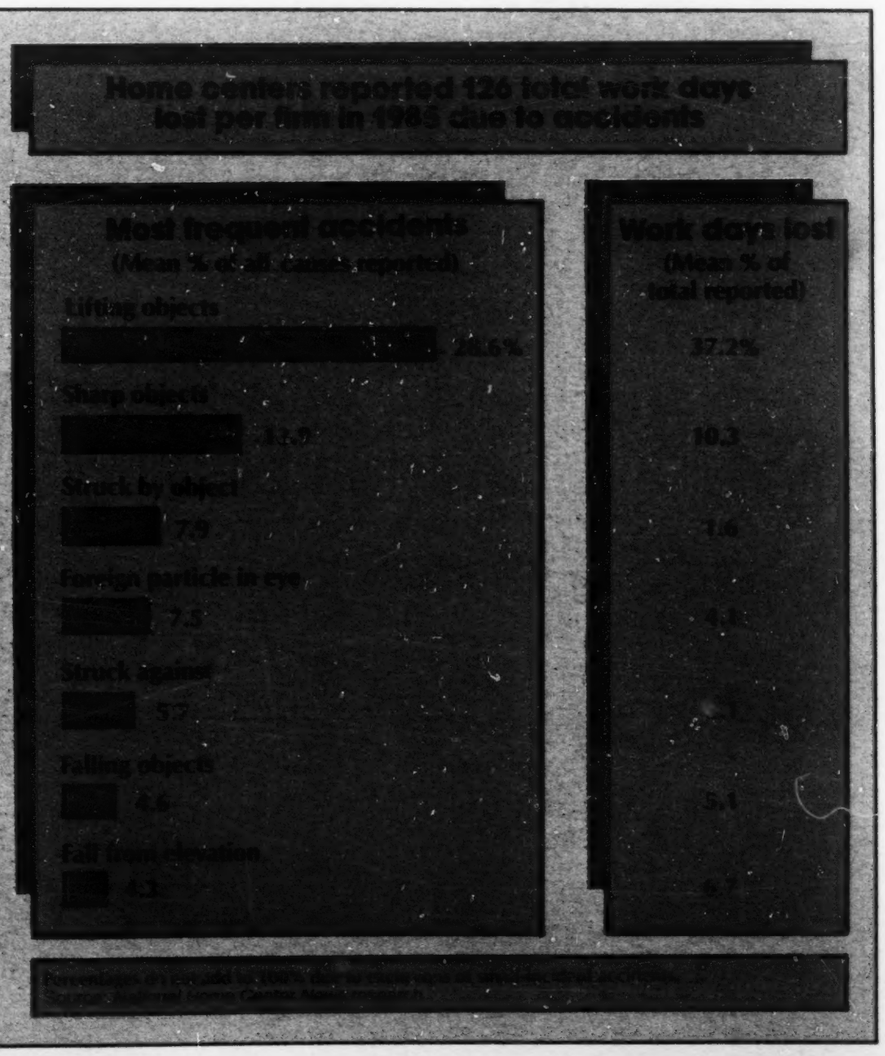
If there is any solace in that news for home center retailers, it may be in the fact that the number of total days lost due to accidents fell last year, to an average of 126 days per firm, from 133 the year before.

Both sets of numbers, however, hint at a problem that has remained largely undefined in the retail home improvement industry: employee safety, or rather, the relatively poor quality of it.

The numbers, along with

(Continued on page 191)

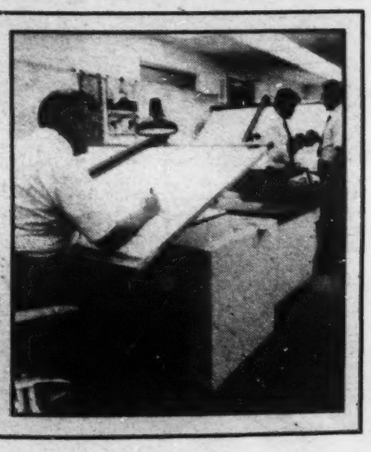

Home center employees continue to extend themselves beyond safe limits. The result: A significant industrywide safety problem is surfacing, yet most retailers are having to search for solutions on their own.



INSIDE

Perspectives: Dealers are finding fewer suppliers that appear to be willing to spend the time and money to bring out new products. **27**
Summit meeting: Ernst executives took new ceo and president Hal Smith's challenge to climb Mt. Rainer this past June. **40**

Ad & Marketing: Ohio hardware store owner Jim Lehman saw a market that was not being served and has carved a niche with a catalog of nonelectric items. **113**
Systems & Operations: Consolidation has left a glut of employees pounding the pavement looking for work. **141**



NEWSBREAKS

HUGH M. WOODS TO BOLSTER DENVER PRESENCE: The 17-store chain will build three new units in 1987, its first expansion since its 1983 acquisition by Payless Cashways. One store will be in Greeley, Colo., with two others in south and southeastern Denver.
KNOX SELLING 3 STORES TO MENARD'S? Late last month, Menard Cashway was ready to acquire Knox Lumber's home centers in Sioux Falls, S.D.; Fargo, N.D.; and Duluth, Minn., according to local newspaper reports.

INDUSTRY UPDATE

Handy Andy closes small Ill. unit

GURNEE, Ill. — Handy Andy Home Improvement Centers Inc. closed its 27,000-sq.-ft. store in southwest Chicago July 7, supplanting it with a newly acquired Mr. HOW property in the neighborhood.

Ron Rashkow, chairman of the Gurnee, Ill.—based Handy Andy, said the outlet was too small for the competitive Chicago market area and was sold. Handy Andy's store average is in excess of 60,000 sq. ft.

Rashkow said the property—acquired in the 1979 takeover of Republic Lumber here—was sold to a sporting goods chain for an undisclosed sum. On June 4, Handy Andy acquired the six Mr. HOW properties in the Chicago area from Service Merchandise.

With the Mr. HOW acquisition, the chain operates 25 stores (including two franchises) in Chicago, downstate Illinois, Wisconsin and Indiana.

All American embarks on facelift

DOWNEY, Calif. — All American Home Center is embarking on a major facelift of its 65,000-sq.-ft. main sales floor, according to merchandise manager Tom Farrell.

The single-unit independent is "continuing its evolution away from the warehouse look to a more customer-oriented, department store look," Farrell said. The new decor package will be phased in gradually over the next several months and will be completed by early next year.

Erb buys Peter Kuntz for $22M

BIRMINGHAM, Mich. — Erb Lumber completed its purchase of the assets of Peter Kuntz Building Centers on July 24. The company had offered a total of $22 million for Peter Kuntz Co., according to documents filed last month with the SEC. The amount is to be paid in cash, a note payable and assumption of liabilities.

The company stated that the purchase price was based primarily on the net book value of PK's assets.

The $22 million figure includes $1 million as a premium over and above the value of the assets.

In selling its assets to Erb, the PK company agreed to not compete in any business similar to Erb's for a period of at least five years, in the states of Ohio and Indiana.

Peter Kuntz Co. indicated it had been seeking a buyer for its 21 building materials stores after experiencing several years of unsatisfactory earnings (*NHCN*, June 30).

Fagen's enters expansion mode

PITTSBURGH — Fagen's, the $40 million chain of 14 stores, has launched a new expansion campaign designed to grow the firm to $100 million over the course of the next two years.

The first round of the expansion occurred last month, when Fagen's held the grand reopening of Latrobe Lumber, a $2 million building materials retailer which it acquired for $1 million in May. The previous management had sold the unit because the owner was retiring.

Fagen's has totally refurbished the store in a move to adjust the mix of sales there from 50% contractor sales to the 65% that is more typical of Fagen's units.

"We're in the market right now for additional chains and have a deal on the table that may close in early August," said Fagen. He said his company was in the market for chains that are doing less than $10 million annually. Fagen said that his firm may pick up chains anywhere on the East Coast.

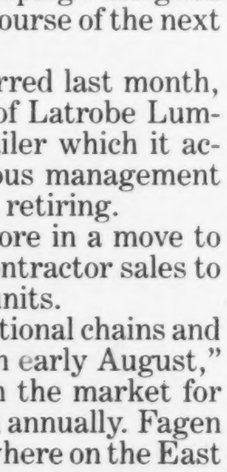
Price losers outnumber gainers

NEW YORK — Home center companies continued to be buffeted by a general softening in the stock market in mid July. During the two week period that ended July 25, the prices of 39 companies dropped, while 14 rose. Two companies remained the same.

In the specific category of retail home center stocks, Wolohan performed best, increasing by 4.3% to close at $9. Forest City Ent rose 1.2% to close at $31.

Retail losers for the period were led by Michigan General, which dropped 15.4% to $2.75.

(See financial tables on page 190)



If you spot home center industry news, call the *NHCN* NEWS HOTLINE:

1-800-NHC-NEWS

(1-800-642-6397)

Available throughout the U.S., except New York State and Alaska: 212-371-9400, 9-5:30 (E.S.T.)

Federal bankruptcy judge denies rehearing concerning Evans plan

By John Caulfield
NHCN staff editor

MIAMI — A federal bankruptcy judge has denied all motions for a rehearing concerning his July 2 confirmation of a plan for reorganizing Evans Products Co.

Judge Thomas C. Britton also delayed ruling on a stay pending appeal of that confirmation, filed by the company, until October 6 which, coincidentally, is the date Evans is expected to effectively be out of Chapter 11.

Evans' attorneys have filed a Notice of appeal with Federal District Court in Miami in an attempt to have Judge Britton's confirmation overturned, as it is unlikely the judge will alter his decision two months from now at the hearing.

However, the company's lawyers have agreed to a stipulated order appointing an interim board of directors and management team to handle the company's businesses while it reorganizes.

As previously reported, WIlliam Nightingale, president of Nightingale & Associates, a New Canaan, Conn., consulting firm, has been retained to serve as president of Evans Products and its subsidiaries during this interim period. Tor Arneberg and Stephen Hopkins, two Nightingale's associates, will also be either directors or officers of Evans and its subsidiaries.

Perhaps the biggest surprise is that Mike Grossman, the former Evans Retail president who will ultimately run the retail firm when it emerges from Chapter 11, is not involved in the reorganization plans. During the interim period, as stated in the July 21 stipulated order, Grossman "shall have no responsibility for overseeing transitional activities of Grossman's and Lindsley but shall, as and when requested, consult with other Interim Officers concerning such activities."

The retail operations will continue to be run by those managers already in place at the respective chains.

When contacted by phone by *NHCN*, Grossman said it would be "premature" to discuss what he would be doing prior to his reassuming control of the retail division. "But we're getting close to somevery big," he said, without elaboration.

It could not be determined whether Grossman was referring specifically to his reported attempt to purchase the retail group from Evans through a leveraged buyout.

If that is the case, Grossman isn't alone in his interest in all or part of Evans' stores. "There are a bunch of guys floating around whose names keep popping up as potential buyers," said Patrick Murphy, an attorney for Bank of America, the co-agent lender in Evans' bankruptcy proceedings. "The obvious ones, of course, are Wickes and Scotty's, although no formal offer has been made by anyone."

Scotty's interests in the Lindsley operation date back nearly two years, although Scotty's officials have consistently declined to discuss any concrete efforts they may have made toward acquiring the 43-unit chain. Wilhelm

(Continued on page 192)

Weyerhaeuser settles strike

By an NHCN staff editor

TACOMA — One of the two striking woodworkers' unions at Weyerhaeuser's northwest logging mills voted to return to work with a 20% pay cut, giving management virtually all of the wage and benefit concessions it had been seeking.

Some analysts, however, are quick to warn that the union givebacks are not necessarily a victory for Weyerhaeuser.

By a 2-to-1 vote, 6,200 members of the International Woodworkers of America (IWA)—the largest employee union at the company—accepted a two-year contract that cuts $2.90 out of their hourly pay and roll back fringe benefits the equivalent of another $1 an hour.

The approximately $4 an hour pay cut will reduce the average Weyerhaeuser lumberjack wage and benefits to about $9.60 an hour.

The vote came two weeks after IWA leaders signed an accord with Weyerhaeuser agreeing with company management that the forest products producer needed to cut labor costs in order to remain competitive.

Members of the IWA, which primarly represents loggers and forest workers, and 1,100 members of the Lumber Production and Industrial Workers (LPIW) union, walked off their jobs June 16 when the union's contract expired, thus shutting down 22 sawmills in Washington, Oregon and Idaho. Operations in the South and Canada were unaffected.

From the beginning, Weyerhaeuser had argued that the company needed wage and benefit concessions in order to compete against small nonunion mills in the Northwest and South.

The new proposal allows for union employees to recapture

(Continued on page 192)

Plywood Ranch moves HQ to Weymouth, Mass.

By Milford Prewitt
NHCN staff editor

WEYMOUTH, Mass. — Plywood Ranch, the New England home center chain formerly based in Braintree, Mass., has moved its company headquarters to this town and has announced the opening of a new unit in Fitchburg.

R. Lee Tussing, vp of Plywood Ranch, said the company had to move after Charles Rosen, previous owner of the chain, sold the building earlier this year.

The company will transfer its executive staff to Weymouth while much of the merchandise and retail staff will be moved to Fitchburg where Plywood Ranch acquired a 10,000-sq.-ft. independent.

The new Fitchburg unit had been a former franchise unit of Plywood Ranch back in the early 80's when the company sought its growth through a network of franchises that hit nearly 30 stores. But the subsequent recession saw the company lose more than half of its stores.

Tussing noted that the new acquisition still had the old Plywood Ranch sign underneath its outdoor signage, therefore eliminating the need to install new signs.

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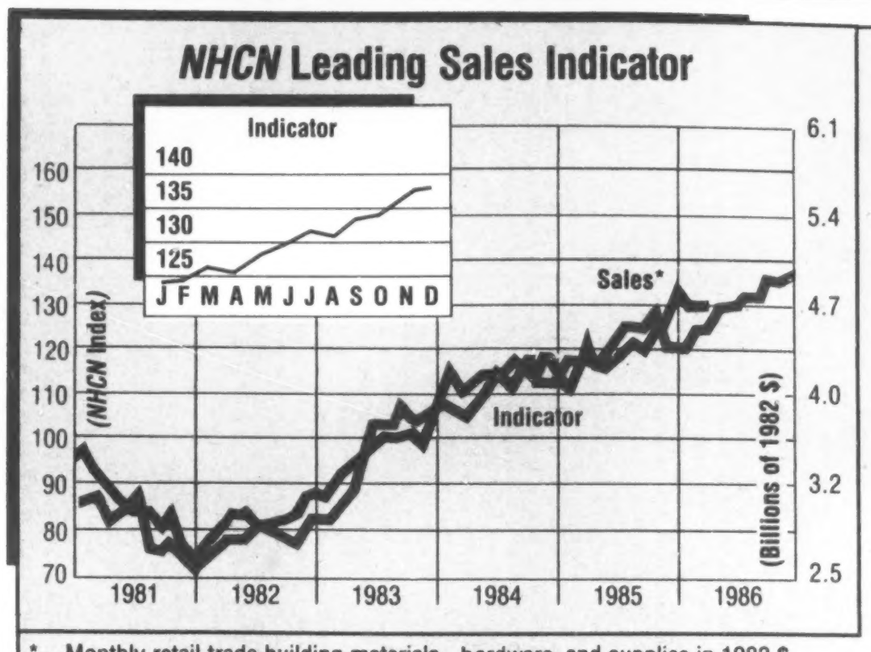
BUSINESS WATCH



*—Monthly retail trade building materials, hardware and supplies in 1982 $.

Indicator—Represents projected level of retail trade building supply activity four to six months out from current months. Data based on real personal income, housing starts, resales, prime rates and other data.

The NHCN *Leading Indicator is projecting a flattening in building material sales in the near term. Resales were down in the first quarter and will weaken building material demand. By year end, sales will begin to increase from the lagged effect of the recovery in existing home sales in the spring and lower interest rates.*

Building materials sales up 18% for service-intensive Mid Atlantic

By Richard E. Mount
Special to NHCN

Mid Atlantic recovery

Building material sales in the Middle-Atlantic states will increase 18% this year, slightly faster than the 15% national average. After adjusting for price increases, unit sales in the region will be up 14% versus 11% nationally. The region is transforming itself away from old-line manufacturing toward service, finance and high technology. Growth in most local economies will remain strong through 1987. Building material sales in New York will rise the fastest, closely followed by New Jersey and then Pennsylvania.

Richard E. Mount

Rising resale values are good for building material sales as consumers upgrade existing homes. While the national median price is up 4.4% from a year ago, New York City is up 17.8%. Even in Middle-Atlantic cities that have not expanded as rapidly as New York, home prices have still outpaced the national average. Albany is up 20.5%; Buffalo, 6%; Rochester, 10%; and Syracuse, 11%. Of the major cities in the region, only Philadelphia lags the nation's pace—up 0.9%.

New York

Building material sales will rise 19% this year in New York. While the residential market is not the strongest in the region, its nonresidential sector is booming, increasing the demand for building materials. Starts rose 32% last year and resales, 28%. In 1986,

(Continued on page 180)

Home Center Industry Regional Outlook

		1985			1986				1987			
		QII	QIII	QIV	QI	QII	QIII	QIV	QI	1985	1986	1987
***NHCN* Leading Sales Indicator** (January 1980 = 100)		116	121	123.4	124.7	127.9	132.1	136.6	138.8	118.5	130.3	139.6
Building Material Retail Sales												
Current	Total U.S. ($ millions) SAAR	53,512	53,736	56,976	61,180	62,400	61,922	63,209	65,595	53,841	62,178	67,210
	New England	2,902	3,238	3,477	3,492	3,906	3,858	3,894	4,028	3,038	3,787	4,111
	Middle Atlantic	7,119	7,408	8,306	8,324	8,730	8,595	8,748	9,052	7,269	8,599	9,241
	East North Central	8,575	8,603	9,048	8,096	9,884	9,839	10,094	10,528	8,381	9,479	10,831
	West North Central	3,860	3,841	4,000	3,541	4,349	4,304	4,368	4,519	3,747	4,140	4,629
	South Atlantic	11,139	10,868	11,837	13,871	12,936	12,867	13,173	13,683	11,262	13,212	14,047
	East South Central	2,912	3,056	3,182	3,513	3,650	3,660	3,786	3,982	2,964	3,652	4,112
	West South Central	6,240	5,822	6,041	6,817	6,240	6,130	6,144	6,350	6,090	6,333	6,475
	Mountain	2,606	2,620	2,763	3,256	3,026	3,028	3,104	3,221	2,674	3,103	3,290
	Pacific	8,158	8,281	8,322	10,269	9,678	9,641	9,899	10,233	8,377	9,872	10,473
Constant	Total U.S. (1972 $ millions) SAAR	50,990	51,209	53,765	57,369	57,200	56,200	56,800	58,360	51,055	56,892	58,905
	New England	2,765	3,086	3,281	3,457	3,581	3,501	3,499	3,583	2,883	3,509	3,603
	Middle Atlantic	6,783	7,060	7,838	7,909	8,002	7,801	7,861	8,054	6,897	7,893	8,099
	East North Central	8,171	8,198	8,358	9,185	9,060	8,930	9,071	9,367	7,954	9,062	9,493
	West North Central	3,678	3,660	3,775	4,101	3,987	3,906	3,925	4,021	3,556	3,980	4,057
	South Atlantic	10,614	10,357	11,170	11,603	11,858	11,678	11,837	12,174	10,687	11,744	12,311
	East South Central	2,775	2,912	3,003	3,263	3,346	3,321	3,402	3,542	2,813	3,333	3,604
	West South Central	5,946	5,548	5,701	6,216	5,720	5,564	5,521	5,649	5,779	5,755	5,675
	Mountain	2,483	2,497	2,607	2,797	2,774	2,748	2,789	2,865	2,537	2,777	2,883
	Pacific	7,774	7,892	7,853	8,841	8,872	8,750	8,895	9,104	7,949	8,839	9,179
Per Cent of U.S. Total												
Current	Total U.S. ($ millions) SAAR	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	New England	5.42	6.03	6.10	6.03	6.26	6.23	6.16	6.14	5.65	6.17	6.12
	Middle Atlantic	13.30	13.79	14.58	13.79	13.99	13.88	13.84	13.80	13.51	13.87	13.75
	East North Central	16.02	16.01	15.88	16.01	15.84	15.89	15.97	16.05	15.58	15.93	16.12
	West North Central	7.21	7.15	7.02	7.15	6.97	6.95	6.91	6.89	6.96	6.99	6.89
	South Atlantic	20.82	20.22	20.78	20.22	20.73	20.78	20.84	20.86	20.93	20.64	20.90
	East South Central	5.44	5.69	5.58	5.69	5.85	5.91	5.99	6.07	5.51	5.86	6.12
	West South Central	11.66	10.83	10.60	10.83	10.00	9.90	9.72	9.68	11.32	10.12	9.63
	Mountain	4.87	4.88	4.85	4.88	4.85	4.89	4.91	4.91	4.97	4.88	4.89
	Pacific	15.25	15.41	14.61	15.41	15.51	15.57	15.66	15.60	15.57	15.54	15.58
Industrial Production												
Index (1977 = 100)	Brick	87.5	91.3	88.6	92.7	94.3	94.5	94.1	92.4	88.5	93.9	91.1
	Cement	110.0	106.5	99.8	121.2	114.9	115.2	113.1	110.9	105.7	116.1	109.4
	Gypsum Mallboard	127.7	129.6	132.4	132.8	133.7	132.3	134.5	134.6	126.4	133.3	133.9
	Hardware	102.7	99.2	99.4	99.8	102.4	103.7	104.5	104.5	100.9	102.6	103.8
	Lumber Products	121.8	126.1	125.7	128.0	128.4	129.3	128.7	127.5	122.9	128.6	126.7
	Paint	106.0	98.2	100.2	100.6	104.7	105.9	107.1	108.2	101.9	104.6	109.1
	Plywood	137.1	144.3	142.9	149.6	147.2	148.6	148.2	147.3	138.7	148.4	145.4

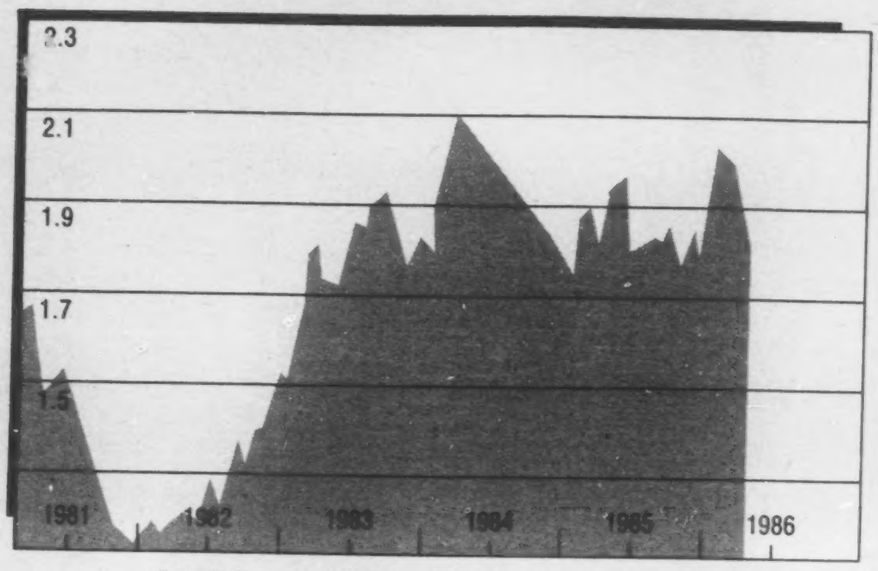
Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
June 26, 1986

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

HOUSING WATCH

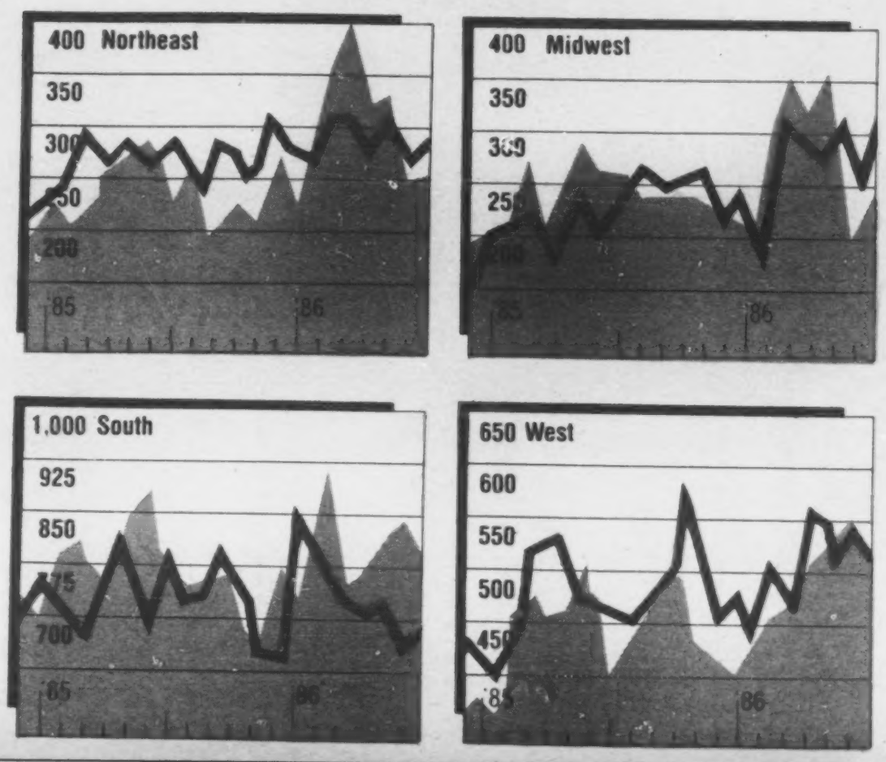
National housing starts and permits
(seasonally adjusted annual rates, in millions)

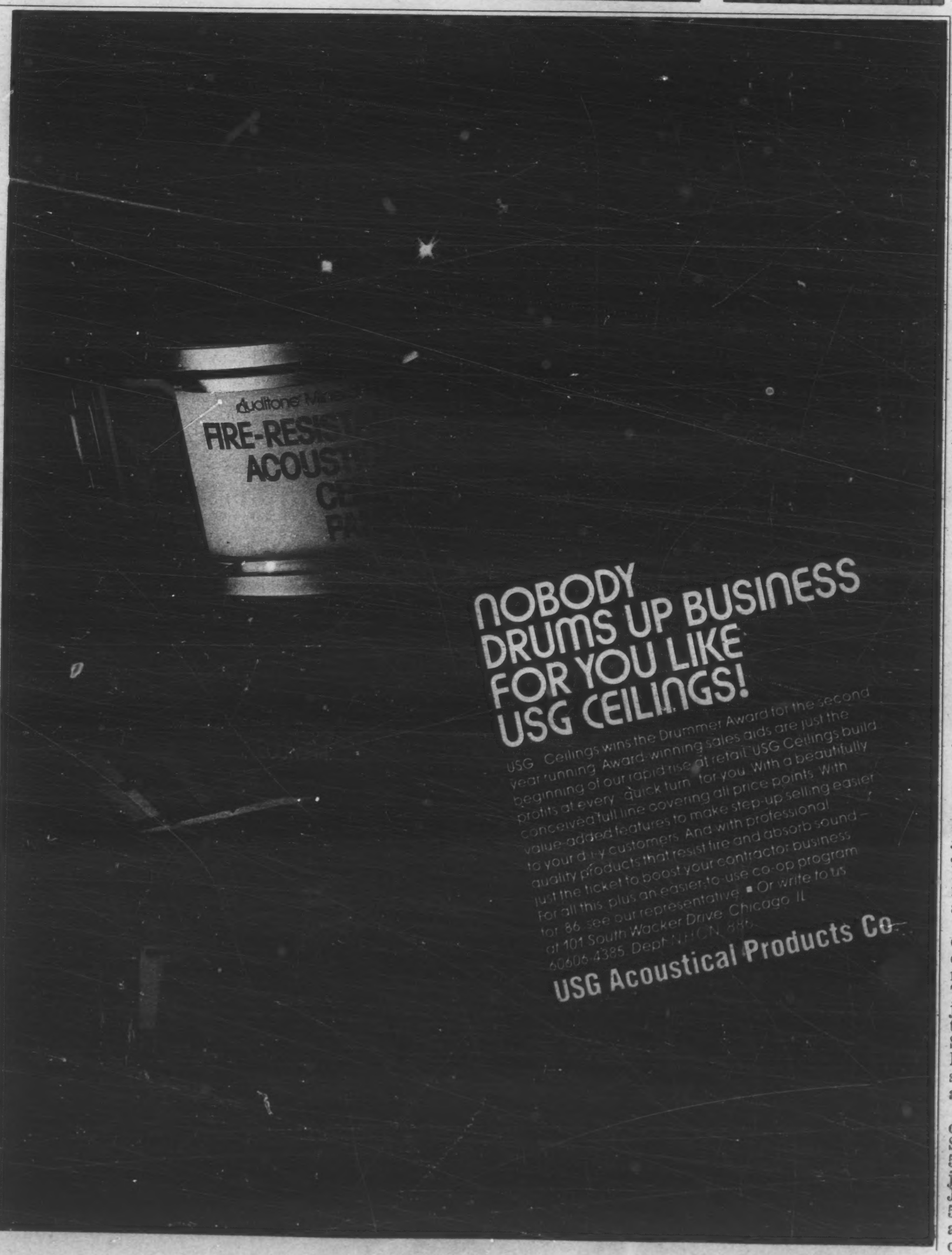


	Total U.S. starts	Total U.S. permits	Single family starts	Single family permits
June '86	1,845	1,745	1,223	1,088
May '85	1,860	1,788	1,247	1,092
June '85	1,693	1,717	1,036	958

Key: Starts, Permits

Regional housing starts and permits
(in thousands)




Audiotone Mineboard
FIRE-RESIS
ACOUST
NOBODY
DRUMS UP BUSINESS
FOR YOU LIKE
USG CEILINGS!
USG Ceilings wins the Drummer Award for the second year running. Award-winning sales aids are just the beginning of our rapid rise at retail. USG Ceilings build profits at every quick turn for you. With a beautifully conceived full line covering all price points. With value-added features to make step-up selling easier to your duty customers. And with professional quality products that resist fire and absorb sound — just the ticket to boost your contractor business. For all this, plus an easier-to-use co-op program for '86, see our representative. ■ Or write to us at 101 South Wacker Drive, Chicago, IL 60606-4385. Dept. NHCN, 886.
USG Acoustical Products Co.

June starts lose ground, drop 0.8%

By an NHCN staff editor

NATIONAL REPORT — While the activity level remains strong, housing starts declined 0.8% in June to a seasonally adjusted 1.845 million units, according to the U.S. Department of Commerce. Single-family starts fell, too, by 1.9%, to an annualized 1.223 million units.

Housing permits also lost ground in June, dropping 2.4% to 1.745 million units, seasonally adjusted. And single-family permits declined 0.4% to 1.088 million units.

Although housing activity has softened recently from the two million-unit pace of earlier this year, experts contend the market is vital. Total starts should exceed the 1.8 million-unit level with single-family starts from 1.2 million to 1.3 million units.

Even with the May-to-June decline, activity was up substantially from June 1985. Total starts were up 9% and single-family starts, ahead by 18.1%. Total housing permits edged up 1.6% from last June, and single-family permits rose 13.6% compared to the same month a year ago.

In June, starts activity was strongest in the Midwest and Northeast. Both the South and West recorded starts declines. But the South was the only region to record an increase in permit activity during this reporting period.

Regional Housing
(in thousands)

	June '86 starts	% chg.	June '86 starts	% chg.
Northeast	280	+ 7.7	271	−2.2
West	504	− 4.0	493	−5.7
South	765	− 7.0	701	+2.0
Midwest	296	+17.5	280	−7.0

Housing starts in the Midwest jumped 17.5% in June to 296,000 units, seasonally adjusted, a 24.9% leap ahead of the pace set in June 1985, according to the Commerce Department. Permits, however, declined 7% from May, to 280,000 units, seasonally adjusted, but were 15.7% ahead of the year-ago month.

The Northeast charted a 7.7% increase in housing starts activity in June, to 280,000 units, seasonally adjusted, a 6.9% increase from June 1985. Permit activity here, though, declined 2.2% from May but was still 3.8% ahead of June 1985.

Although the South was the only region to record an increase in permits in June, the rise was small, only 2%, to 701,000 units seasonally adjusted, which was 6.3% below the pace set in June 1985. Starts fell back 7% from the May level, to 765,000 units, seasonally adjusted, just 2.5% above the year-earlier level.

Starts and permit activity declined in the West in June. Starts dipped 4% from May to 504,000 units, seasonally adjusted, but were 12.5% above June 1985. Permits declined 5.7%, to 493,000 units, seasonally adjusted, a 5.8% increase over June 1985.

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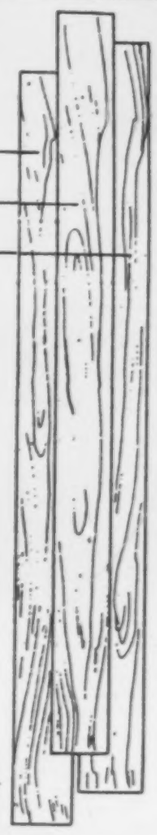

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LUMBER REPORT

New survey shows increased use of structural panels by builders

By Milford Prewitt
NHCN staff editor

NATIONAL REPORT — A recent survey by an investment bank on builders' attitudes towards structural panels reports that oriented strand board (OSB) and waferboard have become more widely accepted building products than plywood.

However, some retailers responding to the survey said based on sales performances, the demand for nonveneer panels significantly trails demand for plywood.

In its third annual survey of home builders' attitudes toward structural plywood substitutes, Salomon Bros. Inc. reports that nonveneer panels have become better known by builders who are encouraged by the products' lower costs and the high performance ratings the panels have earned.

Salomon Bros.' researchers interviewed 52 home builders, from large multiregional builders who constructed both multifamily and single-family homes, to small local contractors. The respondents indicated that they built approximately 51,800 single-family homes and 28,700 multifamily units in 1985, the year on which the survey is based.

Panel usage rises

When compared with 1984, the study showed an increasing willingness among builders to use nonveneer panels.

In 1984, only 53% of the 32 builders interviewed said they had used a nonveneer panel with 16% responding that they had never heard of waferboard and 53% saying they did not know what OSB was.

In the 1985 poll, 67% of the contractors built with a nonveneer panel, with more than half of the respondents indicating that they have been building with a plywood substitute for the past two years.

Plywood sales remain strong

But building material dealers said, while some of their contractor customers have shown a growing tendency to use the products, builder and DIY sales in nonveneer panels continued to be miniscule in relation to plywood.

"Waferboard is probably less than 25% of my panel sales," said Charles Carrier, lumber buyer of The Paty Co., Piney Flats, Tenn. "Although OSB and waferboard have made some inroads over the years, they have not made a dent in plywood sales."

Carrier said contractors in his area are continuing to use veneer sheathing and added that, despite his company's featuring waferboard in its advertising, consumers still tend to view it as an unfamiliar product.

Theo Grasmick, lumber buyer of Economy Building Materials, Denver, Colo., said when the nonveener products were new, his company promoted them heavily in advertising and was confident that the panels would sell on price.

But four years later, Grasmick said he probably sells 10 veneer panels for every 2 nonveneer. In addition, with four lumberyards scattered throughout the metropolitan area, only one stocks nonveneer panel mainly because of previous contractor interest.

"We have it stocked if people want it and we do advertise it, but sales are nil," Grasmick said.

Grasmick suggested that one reason contractors in his area have not embraced nonveneer panels is that many of them are specialty homebuilders, who frequently build custom homes and view nonveneer panels as a product used to construct tract houses.

At least one home center chain reports having some success with nonveneer panels in its units that are in rural areas.

John Cashmore, marketing director of Erb Lumber, Birmingham, Mich., said the company's metropolitan shoppers have demonstrated a perennial unwillingness to buy the product, while rural shoppers display strong demand for the panels.

Cashmore said demand has become so encouraging that the company no longer stocks CDX in its northern, rural stores.

"But I would say that, in the building trade, people like waferboard because of its costs and its structural advantages over plywood," Cashmore said.

Interest in new products

Martin C. Schaeffer, vp and gm of Triangle Building Centers, Quakertown, Pa., said not only has he seen builders in his area convert more to nonveneer panels, but also competing with plywood in his area is a builders' product from Owens-Corning that is a structural panel with insulation. But to show how old habits die hard, Schaeffer said the contractors will use the insulated panel for siding but then install regular plywood at the corners, thus losing the energy savings of the Owens-Corning product.

In the Salomon Bros.' study, price emerged as the most compelling reason builders used a plywood substitute. Of those who said they worked with nonveneer panels in 1985, 89% cited price. About half of the builders referred to the superior performance abilities of nonveneer panels such as strength, no delamination and availability as the influencing factors in their conversion to a plywood substitute.

Sheathing use popular

More than three-quarters of the builders who worked with OSB or waferboard indicated that they used the panels for roof sheathing, with 37% for flooring and 29% sidewalls and corner bracing.

Of those with a preference for either product, 65% favored OSB over waferboard.

The results of the Salomon Bros.' research comes amid widespread prognostication that the plywood industry, like an imperiled species, is threatened.

No new plywood mills

According to forest products industry analysts, the quality and quantity of forest land needed to produce high-grade veneer panels is rapidly being depleted. In addition, of all announced plans by forest products companies to build new mills, not one is to be plywood.

"We believe that these substitute products are on their way to replacing plywood in the sheathing and flooring markets and have probably brought to an end the construction of any new plywood mills," the Salomon Bros.' authors wrote.

While plywood continues to outproduce nonveneer panels at a rate that is roughly five panels to one, a growing commitment by the major forest products producers is biting into plywood's historic dominance. Nonveneer panel production is expected to account for 10% of the 23.4 billion bd. ft. of structural panels estimated to be produced this year.

Futures

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.
Two weeks ended July 17

	High	Low	Close (Settle)	Previous Week	Open* Interest	Contract High	Contract Low
July '86	$166.50	$153.10	$154.20	$165.50	27	$190.90	$144.00
Sept.	$162.80	$150.70	$155.20	$160.60	3,451	$182.40	$145.50
Nov.	$160.30	$150.10	$153.50	$157.90	1,413	$174.50	$146.00
Jan. '87	$163.70	$154.50	$156.50	$161.70	406	$175.00	$150.00
March	$166.30	$157.00	$159.00	$165.00	179	$175.50	$153.00
May	$167.00	$159.00	$160.50	$166.50	60	$174.50	$159.00
July	$168.00	$160.10	$161.00	$167.50	14	$175.50	$160.10

Total Contract Vol. (Through 7/17): 17,632 **Previous Two Weeks: 19,597**
Total Open Interest (As of 7/17): 5,550 **Previous Week: 5,569**
Cash Price: $164.64 **Previous Week: $166.40** **Year Ago: $158.76**

CME—Chicago Mercantile Exchange
*Figures for Thursday, 7/17
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

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BUSINESS WATCH

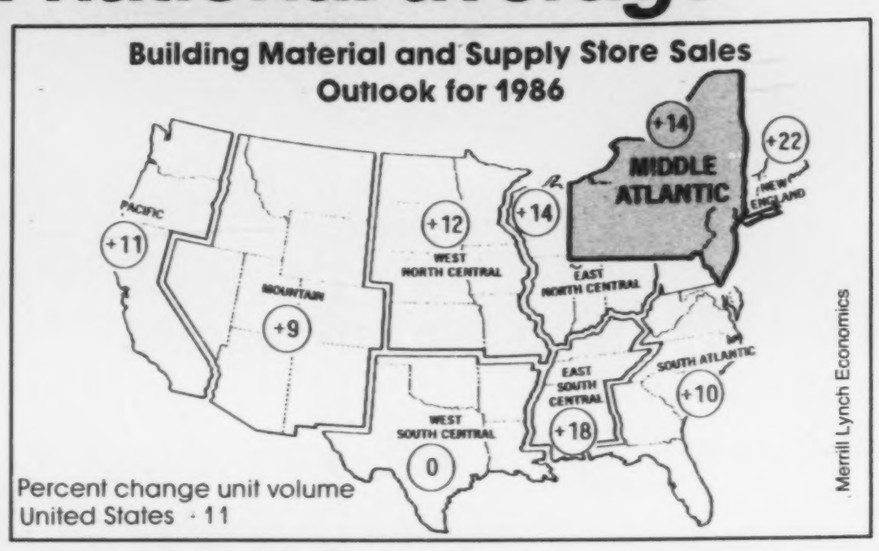
Mid-Atlantic sales projections better than national average

(Continued from page 16)

starts are expected to increase 13% and resales, 2%.

State employment is shifting away from manufacturing. Total employment is up 2.2% from a year ago with manufacturing down 2.3% but finance up 2.9% and services, 4.2%. Construction is up 8.9% from a year ago, with New York City 9.8% and Westchester County, 11.6%.

Recovery in the current cycle has not been evenly distributed in the state. The southern half has been very strong—New York City with finance and service and Long Island with defense and high technology. The northern portion remains weak from manufacturing and agriculture.



Sales of building materials in New Jersey will increase 18% in 1986. The state has the strongest economy and housing sector in the region. Housing starts increased 27% last year and will gain another 16% in 1986. Resales rose 24% last year but, due to weakness in the first quarter, could be off 4% in 1986.

Employment is running 3.0% ahead of last year's pace.

Manufacturing is down 0.4%, but finance is up 4.5% and services, 4.9%. Nonresidential construction has not been as strong as in New York. Construction employment is up only 1.7% from last year. Camden is enjoying a 7.8% increase in construction activity from a year ago as firms are relocating to the Cherry Hill area. Construction in Monmouth-Ocean is up 13.3%. Strength in the economy of New York City is causing a boom in residential construction with an expansion of office space.

Recovery in New Jersey

The recovery in the current cycle has been more evenly divided in the state. Northern New Jersey has seen an explosion of new office space along Interstate 287 for communications, computers and corporate headquarters. Princeton continues to expand its office space. Construction at the Jersey shore (Monmouth-Ocean) is rising the fastest in the state.

Pennsylvania

Building material sales in Pennsylvania will rise 16% this year. The state had had the weakest recovery in the region but has begun to accelerate in the last year. Housing starts rose 4% in 1985 but should increase 12% in 1986. Resales were up 24% last year and should be unchanged in 1986.

Pennsylvania employment is up only 1.5% from a year ago. Manufacturing is down 4%, but finance is up 4% and services, 5%. Construction activity is growing fastest in the smaller towns. Total building activity in the state is up 6.6% but only 5.5% in Philadelphia and 5.9% in Pittsburgh.

The recovery in Pennsylvania will accelerate this year and next, while New York and New Jersey begin to moderate as manufacturing benefits from a lower dollar.

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

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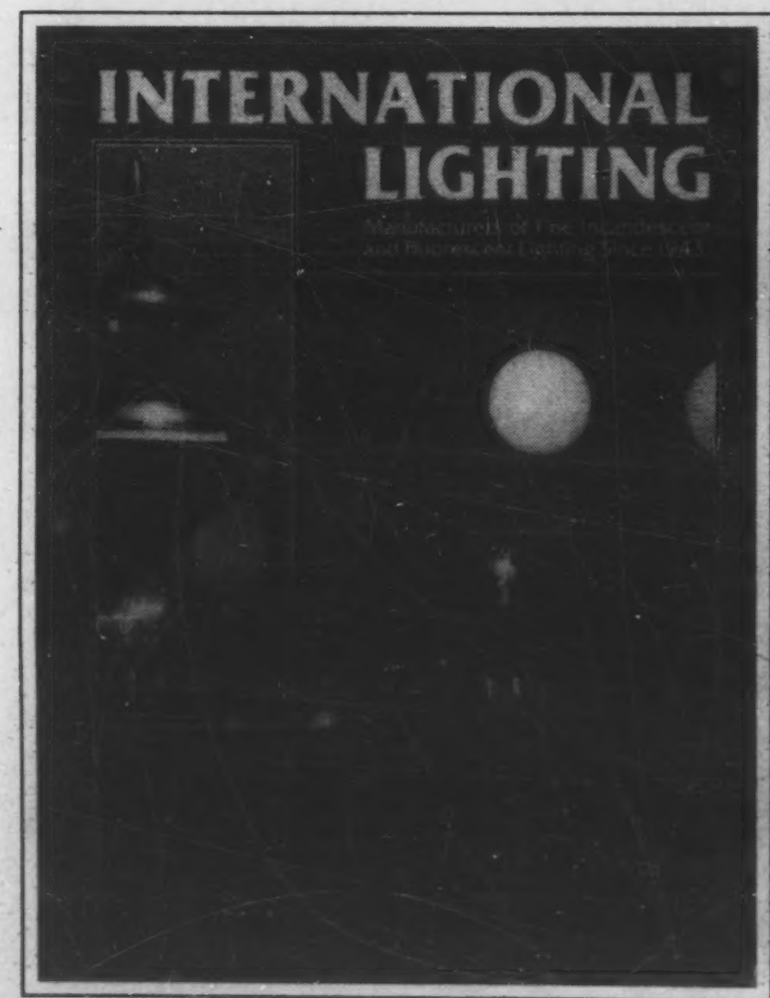

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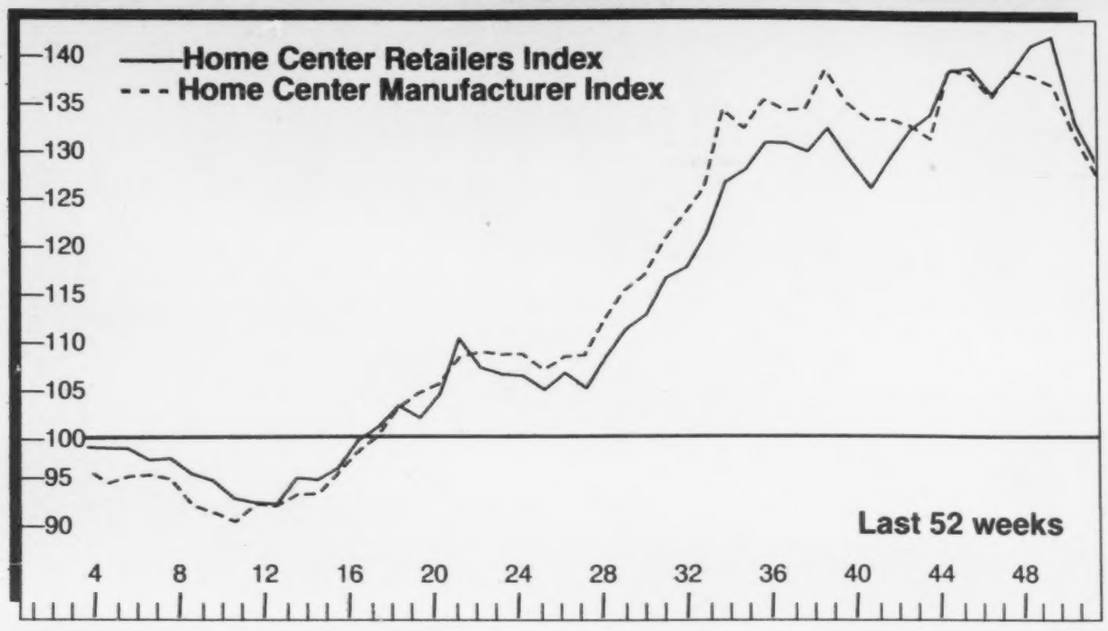
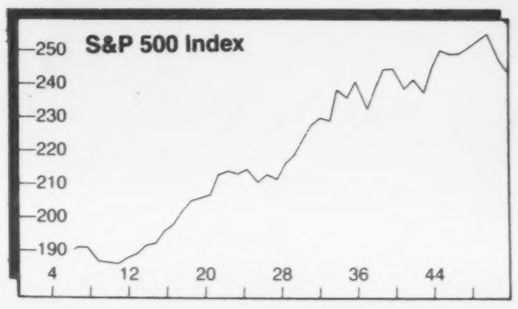


The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on Feb. 1, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

Most Active Stocks

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
7-25-86	(100)	%	%
Waxman Ind M	2,926	404.3	2.6
Newell Co N	6,410	340.0	- 20.2
Walter, Jim N	22,907	301.0	7.8
Certain-teed N	5,816	257.0	- 12.3
Natl Hardgoods M	688	245.1	- 2.4
Potlatch Cp N	4,116	242.4	11.6
Sherwin-Wms N	22,658	230.2	- .9
Wolohan Lumber M	4,410	206.1	4.3
Am Standard N	15,898	191.4	- 4.5
Ply-Gem A	3,024	179.6	- 3.7

The Volume Trend Change is the per cent difference between the latest 2-week average volume and the previous 12-week average volume.*



Price Movement

Company & Market	2-Weeks Ended 7-25-86	2-Week Price Change	Total 2-Week Volume
Winners	$	%	(100)
Potlatch Cp N	54.25	11.6	4,116
Walter, Jim N	46.38	7.8	22,907
Lewis Palmer M	8.88	7.6	1,236
Owens Corning N	54.63	6.8	12,357
Wolohan Lumber M	9.00	4.3	4,410
Armstrng Wrld N	59.25	3.5	8,070
Pope & Talbot N	19.63	2.6	620
Waxman Ind M	15.00	2.6	2,926
Emhart Corp N	36.38	2.5	4,078
K mart Cp N	54.50	1.9	60,228
Losers	**$**	**%**	**(100)**
Newell Co N	25.63	- 20.2	6,410
Allegheny Int N	16.00	- 20.0	2,936
Mich General A	2.75	- 15.4	2,914
Black & Decker N	15.75	- 13.7	30,840
Certain-teed N	28.50	- 12.3	5,816
Payless Cash N	21.25	- 8.6	12,273
Hechinger A M	21.25	- 8.6	4,321
Natl Lumber M	5.75	- 8.0	393
Erb Lumber M	16.38	- 7.4	969
Zayre Corp N	36.38	- 7.0	20,730

National Home Center News®

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 7-25-86 $	2-Weeks Change Amt. $	2-Weeks Change Pct. %	2-Week Range High $	2-Week Range Low $	52-Week Range High $	52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out %	12-Week Avg. Vol. As % Out %	Volume Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report: New Report -	Period -	Date Ended -	Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers																													
Color Tile M	22.38	- .50	- 2.2	22.50	22.13	24.63	16.88	4,745	5.02	2.90	73.1	14.9	.00	.0	.....	9 mos.	03-86	97.9	7.9	3.4	9.7	.36	9.1	280.1	12.3	10.0	7.5	1.06	5.0
Erb Lumber M	16.38	- 1.31	- 7.4	17.00	16.25	19.25	5.19	969	2.89	1.31	120.6	9.5	.00	.0	.....	3 mos.	03-86	35.1	33.5	(.3)	NE	(.10)	NE	35.1	33.5	(.3)	NE	(.10)	NE
Forest City Ent A	31.00	.38	1.2	31.00	30.50	31.25	22.00	25	.03	.09	- 66.7	42.5	.30	1.0	.....	3 mos.	04-86	88.0	19.4	.2	.0	.03	50.0	88.0	19.4	.2	.0	.03	50.0
Grace W R N	50.75	- 1.75	- 3.3	52.50	48.50	60.75	35.50	29,418	7.08	2.62	170.2	15.6	2.80	5.5	NEW	6 mos.	06-86	1410.5	- 26.1	86.4	108.7	2.06	148.2	2661.0	- 23.7	83.3	8.3	1.98	27.7
Handyman A	30.38	- .13	- .4	30.88	30.25	36.00	21.75	362	1.41	.60	135.0	12.4	.20	.7	.....	3 mos.	03-86	62.6	.8	(.2)	- 100.0	(.06)	- 100.0	62.6	.8	(.2)	- 100.0	(.06)	- 100.0
Hechinger A M	21.25	- 2.00	- 8.6	23.25	21.00	23.59	12.81	4,321	3.95	2.89	36.7	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	22.50	- 1.00	- 4.3	23.00	21.00	23.59	12.81	1,180	.39	.15	160.0	28.1	.06	.3	.....	3 mos.	04-86	136.9	19.5	4.9	28.9	.16	14.3	136.9	19.5	4.9	28.9	.16	14.3
Homecrafters Whse M	.50	.00	.0	0.75	0.50	6.75	.50	122	.43	.96	- 55.2	NE	.00	.0	.....	fiscal	01-86	41.4	17.6	(10.1)	NE	(3.62)	NE	184.4	17.9	(23.6)	NE	(8.42)	NE
Home Depot N	18.13	- .63	- 3.3	19.13	16.88	21.75	10.50	6,452	2.57	2.46	4.5	40.3	.00	.0	.....	3 mos.	04-86	222.6	53.5	5.1	168.4	.20	150.0	222.6	53.5	5.1	168.4	.20	150.0
INTERCO Inc N	42.75	- 1.63	- 3.7	44.38	41.13	47.63	31.38	3,711	1.30	1.05	23.8	14.2	1.60	3.7	.....	3 mos.	05-86	579.2	- 1.7	14.4	28.6	.46	27.8	579.2	- 1.7	14.4	28.6	.46	27.8
K mart Cp N	54.50	1.00	1.9	55.75	49.50	57.38	30.63	60,228	4.79	3.03	58.1	27.7	1.48	2.7	.....	3 mos.	04-86	5212.4	4.6	91.6	56.6	.70	52.2	5212.4	4.6	91.6	56.6	.70	52.2
Lowe's Cos N	31.00	- .88	- 2.7	33.13	29.38	41.50	20.75	15,456	3.95	1.60	146.9	19.1	.40	1.3	.....	3 mos.	04-86	534.0	18.1	11.4	- 4.2	.31	- 6.1	534.0	18.1	11.4	- 4.2	.31	- 6.1
Mich General A	2.75	- .50	- 15.4	3.25	2.63	6.13	2.63	2,914	2.57	1.39	84.9	NE	.00	.0	.....	3 mos.	03-86	91.2	3.5	(5.9)	NE	(.53)	NE	91.2	3.5	(5.9)	NE	(.53)	NE
Natl Hardgoods M	10.00	- .25	- 2.4	10.13	9.75	10.25	5.50	688	5.59	1.62	245.1	23.8	.00	.0	.....	3 mos.	04-86	6.5	- 3.0	.0	- 100.0	.03	200.0	6.5	- 3.0	.0	- 100.0	.03	200.0
Natl Lumber M	5.75	- .50	- 8.0	6.25	5.25	7.25	4.00	393	.70	.92	- 23.9	NE	.00	.0	.....	*	04-86	NC	NC	NC	NC	NC	NC	32.6	NC	(.6)	NC	(.10)	NC
Pay N Pak N	15.00	- .63	- 4.0	15.50	14.50	19.38	11.63	2,182	2.18	2.78	- 21.6	17.9	.64	4.3	.....	3 mos.	05-86	105.1	27.1	2.3	9.5	.23	9.5	105.1	27.1	2.3	9.5	.23	9.5
Payless Cash N	21.25	- 2.00	- 8.6	23.38	21.00	27.50	13.50	12,273	3.54	2.16	63.9	17.7	.16	.8	.....	6 mos.	05-86	428.8	14.1	15.6	20.0	.45	15.4	703.3	11.5	18.0	23.3	.52	18.2
Scotty's Inc N	15.13	- .50	- 3.2	16.50	14.38	18.13	12.38	1,469	1.02	.52	96.2	14.3	.52	3.4	.....	9 mos.	03-86	128.4	5.5	4.1	- 18.0	.28	- 26.3	359.3	7.9	9.7	- 19.2	.67	- 25.6
Sears, Roebuck N	43.88	.25	.6	44.75	41.75	50.38	31.75	71,045	1.95	1.16	68.1	12.7	1.76	4.0	.....	3 mos.	03-86	9390.3	7.1	195.3	- 12.5	.52	- 13.3	9390.3	7.1	195.3	- 12.5	.52	- 13.3
Svc Merchandise M	10.38	- .75	- 6.7	11.00	10.38	16.13	10.38	28,825	8.65	4.18	106.9	NE	.08	.8	.....	3 mos.	03-86	457.1	31.7	(29.2)	NE	(.88)	NE	457.1	31.7	(29.2)	NE	(.88)	NE
Std Brd Pnt N	21.38	- .63	- 2.8	23.00	20.63	25.63	18.75	4,809	23.77	10.66	123.0	17.0	.58	2.7	.....	3 mos.	04-86	77.8	- 3.8	3.3	- 31.3	.29	- 32.6	77.8	- 3.8	3.3	- 31.3	.29	- 32.6
Supermkts Gen N	59.25	- .50	- .8	59.75	56.00	63.88	39.88	2,716	1.42	1.01	40.6	16.6	.56	.9	.....	3 mos.	04-86	1337.3	10.0	12.3	4.2	.67	1.5	1337.3	10.0	12.3	4.2	.67	1.5
Wickes Cos A	5.63	- .13	- 2.2	5.88	5.38	7.00	3.88	53,890	3.90	3.51	11.1	29.6	.00	.0	.....	3 mos.	04-86	995.1	40.9	15.7	NE	.02	NE	995.1	40.9	15.7	NE	.02	NE
Wolohan Lumber M	9.00	.38	4.3	9.13	7.88	10.75	5.25	4,410	7.53	2.46	206.1	14.1	.16	1.8	.....	3 mos.	03-86	28.1	21.6	(.1)	NE	(.02)	NE	28.1	21.6	(.1)	NE	(.02)	NE
Zayre Corp N	36.38	- 2.75	- 7.0	39.00	35.75	43.88	23.88	20,730	3.48	1.42	145.1	22.3	.32	.9	.....	3 mos.	04-86	1044.5	32.2	16.7	9.9	.28	3.7	1044.5	32.2	16.7	9.9	.28	3.7
Wholesalers																													
Lewis Palmer M	8.88	.63	7.6	9.38	7.50	9.88	6.38	1,236	3.16	1.26	150.8	35.5	.28b	3.2	.....	3 mos.	04-86	33.8	2.4	.1	NC	.02	NC	33.8	2.4	.1	NC	.02	NC
Manufacturers																													
Allegheny Int N	16.00	- 4.00	- 20.0	20.13	15.38	28.75	15.38	2,936	2.73	1.79	52.5	NE	.00	.0	.....	3 mos.	03-86	467.2	- 7.3	11.9	133.3	.41	NE	467.2	- 7.3	11.9	133.3	.41	NE
Am Standard N	37.50	- 1.75	- 4.5	39.75	36.50	46.88	27.00	15,898	4.05	1.39	191.4	9.7	1.60	4.3	.....	3 mos.	03-86	715.0	6.8	50.2	147.3	1.30	150.0	715.0	6.8	50.2	147.3	1.30	150.0
Armstrng Wrld N	59.25	2.00	3.5	59.25	52.75	69.88	31.88	8,070	3.36	1.41	138.3	13.5	1.44	2.4	.....	3 mos.	03-86	430.9	14.4	22.9	27.9	.95	26.7	430.9	14.4	22.9	27.9	.95	26.7
Black & Decker N	15.75	- 2.50	- 13.7	18.50	15.13	25.25	15.13	30,840	5.32	2.42	119.8	23.9	.40	2.5	NEW	9 mos.	06-86	416.5	12.0	2.8	NE	.03	NE	1353.3	5.9	25.3	- 31.1	.46	- 36.1
Boise Cascade N	54.13	- 2.75	- 4.8	56.88	53.00	59.88	39.63	8,702	2.97	1.34	121.6	17.1	1.90	3.5	NEW	6 mos.	06-86	945.1	- .8	31.3	- 1.3	1.07	.0	1861.7	- 2.5	56.3	- 13.4	1.90	- 13.2
Certain-teed N	28.50	- 4.00	- 12.3	32.25	27.25	38.50	22.38	5,816	3.07	.86	257.0	9.9	.90	3.2	NEW	6 mos.	06-86	286.1	- 1.7	16.2	- 1.8	.85	1.2	541.1	- .5	26.7	8.1	1.41	12.8
Champ Intl N	23.88	- .13	- .5	24.00	22.50	29.75	20.25	36,171	3.82	1.97	93.9	16.5	.52	2.2	NEW	6 mos.	06-86	1096.4	- 31.4	50.5	16.6	.51	21.4	2218.7	- 31.6	72.5	- 16.8	.71	- 16.5
DeSoto Inc N	36.75	- 2.25	- 5.8	39.00	36.75	41.38	31.50	290	.61	.49	24.5	11.1	1.40	3.8	.....	3 mos.	03-86	96.8	4.1	2.4	200.0	.51	200.0	96.8	4.1	2.4	200.0	.51	200.0
Emhart Corp N	36.38	.88	2.5	37.00	35.00	42.63	26.38	4,078	1.34	.80	67.5	13.5	1.40	3.8	NEW	6 mos.	06-86	527.9	17.4	19.8	- 25.8	.67	- 30.2	1037.5	19.3	37.8	- 10.2	1.32	- 13.2
Georgia-Pacifc N	31.88	.25	.8	31.88	29.00	34.25	20.63	29,769	2.87	1.27	126.0	20.7	.80	2.5	NEW	6 mos.	06-86	1929.0	7.5	86.0	28.4	.79	29.5	3533.0	4.7	116.0	.0	1.04	.0
Insilco Corp N	19.50	- .13	- .6	20.38	19.25	24.50	16.63	3,148	1.60	1.14	40.4	14.1	1.00	5.1	NEW	6 mos.	06-86	197.1	- 14.6	11.5	8.5	.57	.0	377.4	- 11.8	18.3	10.2	.91	1.1
La Pacific N	24.50	- .25	- 1.0	24.75	22.75	30.13	17.13	9,363	2.53	1.01	150.5	19.9	.80b	3.3	NEW	6 mos.	06-86	394.0	14.2	24.5	390.0	.67	415.4	716.6	16.3	25.9	250.0	.71	255.0
Macmillan Bloedl M	26.00	- .50	- 1.9	26.25	25.50	28.63	12.47	441	.14	.15	- 6.7	NA	.25b	NA	.....	3 mos.	03-86	613.2	13.9	29.2	1023.1	.68	NE	613.2	13.9	29.2	1023.1	.68	NE
Manville Cp N	2.63	- .13	- 4.5	2.88	2.50	8.88	2.50	8,446	3.52	2.29	53.7	NE	.00	.0	NEW	6 mos.	06-86	490.6	- 2.0	25.2	23.5	.79	33.9	946.1	1.3	37.2	14.1	1.03	22.6
Masco Corp N	29.88	.00	.0	30.75	27.00	34.50	15.25	21,114	1.64	.84	95.2	22.6	.32	1.1	.....	3 mos.	03-86	308.0	34.5	45.1	27.0	.35	12.9	308.0	34.5	45.1	27.0	.35	12.9
Mor-Flo Inds M	15.75	- .25	- 1.6	16.25	15.75	19.25	14.50	97	.38	.32	18.8	12.3	.01	.1	.....	3 mos.	03-86	52.4	.0	.7	- 58.8	.28	- 56.9	52.4	.0	.7	- 58.8	.28	- 56.9
Newell Co N	25.63	- 6.50	- 20.2	32.50	24.75	36.75	15.63	6,410	5.72	1.30	340.0	12.1	.70	2.7	NEW	6 mos.	06-86	95.1	16.4	5.1	6.3	.46	- 13.2	189.6	17.6	9.2	15.0	.90	2.3
Owens Corning N	54.63	3.50	6.8	55.00	48.25	56.75	32.13	12,357	4.15	1.74	138.5	11.6	1.40	2.6	NEW	6 mos.	06-86	925.4	17.2	34.9	72.8	1.16	70.6	1791.5	22.0	57.8	19.9	1.93	18.4
Ply-Gem A	13.00	- .50	- 3.7	13.75	12.13	15.50	9.59	3,024	4.11	1.47	179.6	18.1	.12	.9	.....	3 mos.	03-86	50.6	24.3	2.0	81.8	.26	30.0	50.6	24.3	2.0	81.8	.26	30.0
Pope & Talbot N	19.63	.50	2.6	20.00	18.50	24.75	16.75	620	1.03	.79	30.4	20.7	.80	4.1	NEW	6 mos.	06-86	76.1	- 10.7	3.6	89.5	.60	100.0	150.2	- 10.8	3.1	- 24.4	.51	- 23.9
Potlatch Cp N	54.25	5.63	11.6	55.00	48.50	55.00	32.25	4,116	3.15	.92	242.4	16.6	1.56	2.9	NEW	6 mos.	06-86	249.9	.5	19.5	85.7	1.40	129.5	483.2	.0	33.1	50.5	2.35	83.6
Sherwin-Wms N	26.38	- .25	- .9	26.63	23.88	32.25	16.63	22,658	4.92	1.49	230.2	15.9	.50	1.9	NEW	6 mos.	06-86	598.3	- 1.4	30.5	7.0	.65	4.8	1101.0	.2	37.4	9.4	.80	6.7
SW Forest Ind N	12.75	.13	1.0	12.88	12.00	15.88	9.88	2,117	2.09	2.57	- 18.7	NE	.00	.0	.....	3 mos.	03-86	142.5	- 16.4	(8.0)	NE	(.94)	NE	142.5	- 16.4	(8.0)	NE	(.94)	NE
Stanley Works N	36.50	- 2.50	- 6.4	39.25	34.75	46.25	27.63	6,516	2.34	.87	169.0	12.6	1.04	2.8	NEW	6 mos.	06-86	402.6	- 29.1	20.5	6.8	.73	4.3	726.8	23.4	35.2	6.0	1.26	3.3
Thos Inds N	21.50	- .13	- .6	22.00	20.88	26.75	16.19	670	.74	.47	57.4	11.6	.68b	3.2	NEW	6 mos.	06-86	77.1	- 2.3	4.3	10.3	.47	4.4	147.9	- 3.2	7.5	5.6	.83	5.1
USG Corp N	36.63	- 1.00	- 2.7	37.25	33.50	42.75	18.31	15,581	2.40	1.20	100.0	10.4	.96	2.6	.....	3 mos.	03-86	622.1	5.7	51.7	21.6	.81	26.6	622.1	5.7	51.7	21.6	.81	26.6
Walter, Jim N	46.38	3.38	7.8	47.75	40.38	48.00	26.00	22,907	7.90	1.97	301.0	17.4	1.40	3.0	.....	9 mos.	05-86	NC	NC	(11.5)	- 100.0	(.16)	- 100.0	626.9	- 62.3	38.5	- 47.5	1.26	- 53.2
Waxman Ind M	15.00	.38	2.6	15.00	14.75	17.13	10.00	2,926	9.33	1.85	404.3	18.5	.08	.5	.....	9 mos.	03-86	25.3	23.4	.7	40.0	.23	NE	70.1	14.2	1.8	5.9	.58	- 12.1
Weyerhaeuser N	31.88	- 1.88	- 5.6	33.88	30.50	40.25	24.75	18,283	1.41	.91	54.9	22.9	1.30	4.1	.....	3 mos.	03-86	1306.7	2.4	50.0	30.9	.31	29.2	1306.7	2.4	50.0	30.9	.31	29.2

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column
P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Home center dealers face hidden cost of accidents

(Continued from page 1)
other findings, are contained in a new report which attempts to quantify some of the safety issues facing the home center industry by analyzing compensation loss run statistics among home improvement retailers. It also looked at insurance premium costs.

Commissioned by *National Home Center News* and completed this spring by Lebhar-Friedman Research, the study is based on an extensive survey of a cross section of home center and building material retailers, totaling 44 firms.

By far, the most frequent injury incurred by employees while on the job resulted over the past two years from lifting objects.

Just about every home center company last year reported having at least one accident related to lifting. On average, injuries from lifting accounted for more than a quarter of all accidents at each home center operation last year, and the year before.

Lifting also resulted in the largest number of work days lost. More than one-third of all days lost last year because of accidents on the job were the result of lifting. Lifting similarly accounted for more than one-third of all reimbursements resulting from accidents, the study found.

Falls are most costly

Nearly three out of four companies also report having had accidents occur that resulted from sharp objects, which resulted in 14% of all reported accidents last year. A similarly large number of companies reported incidents where a worker suffered from a foreign particle lodged in the eye, which accounted for about 8% of accidents last year. In both cases, incidents were down somewhat last year as a percent of total accidents.

The greatest numbers of lost work days per accident, though, probably result from falls and from accidents where a person is caught in or under an object, the study found.

While 4.3% of all accidents resulted from a fall from an elevation last year, such falls accounted for about 7% of the work days lost. Fully three out of five retailers reported having such an accident last year. That was up from 52% of retailers reporting such accidents for 1984.

"The industry as a whole has a real safety problem," commented Patrick Mattingly, director-loss prevention, of San Antonio-based Builders Square, after previewing the results of the study. "It's a 'heads-up' kind of problem we're facing here" at Builders Square and industrywide, he said.

Mattingly found the accident data corresponded to Builders Square's experience, with accidents from lifting and from being struck by sharp objects being the two most frequent kinds of occurrences he encounters from his field reports. In response, Mattingly has introduced a new education campaign this year aimed at teaching employees how to lift objects correctly. He said he also had just ordered $12,000 worth of new safety box cutters, of the likes manufactured by Adco and Pacific Handy Cutters, which automatically retract the cutting blade when hand pressure is released.

Insurance costs up unevenly

Other retailers declined to comment on the report, or the dimension of employee accident rates, until they had had more time to compare the report with their own company's numbers. Their reluctance, however, is a partial reflection of the lack of information and industry attention devoted to safety matters in the home center industry to date.

The new study also polled retailers about theirinsurance premiums. It found that premiums, as a percent of annual operating revenues, tended to run highest among medium-sized home center retailers.

Retailers with annual sales of between $10 million to $26 million paid an average of $13,600 in premiums per $1 million in revenues last year, up from $11,400 in 1984. Although average insurance premiums were proportionally smaller among retailers with sales of under $10 million, they had virtually doubled over the same period.

Too few companies had established 1986 premiums at the time of the survey to report an estimate of how much rates had increased this year.

Compensation costs

Size of company (# of employees)	Mean cost per $100 payroll	
	1984	1985
100 or less	$3.55	$4.06
100-499	2.65	3.26
500 or more	1.59	2.10
Size of store (Avg. selling area: sq. ft.)	**Mean cost per $100 payroll**	
	1984	1985
Under 25,000	$2.24	$2.73
25,000-60,000	2.95	3.41
60,000 or more	4.91	5.42

Source: *National Home Center News* research

Compensation costs per $100 in payroll rose significantly for home center operators last year, especially for firms with fewer employees.

Annual insurance premiums

Home center annual operating revenues ($ millions)	Mean premium paid per $1 million in revenues	
	1984	1985
Under $10.0	$ 1,000	$ 3,100
$10.0-$25.9	11,400	13,600
$26.0-$49.9	13,500	11,300
$50.0 or more	8,800	9,100

Source: *National Home Center News* research

Insurance premiums as a percent of annual operating revenues tended to run highest among medium-sized home center retailers, according to a new NHCN *study.*

At least one retailer indicated that the 1985 figures probably don't reflect the large increases most of the industry had to swallow, because they weren't accounted for until late in the year.

In addition, the report found that 40% of companies said they had no consumer accidents last year. Another 40% reported 15 or fewer consumer accidents.

For information on how to obtain the 86-page study, entitled "Worker's compensation loss run survey," write *National Home Center News*, 425 Park Ave., New York, N.Y. 10022, or call 212-371-9400. The price of the study is $185.00.

O'Malley Lumber begins retrofit of all units in chain

(Continued from page 1)
10 years at Wickes Lumber.

The retrofitting will consist of laying the store out so the power aisle goes right through the middle of the store to a more-extensive customer service booth that would be adjacent to the store manager's office in the back of the unit.

On one side of the aisle, 4-ft. gondolas will be replaced with 3-tier, 8-ft.-high warehouse racking for the display of building materials. "The O'Malley's units have not been taking advantage of the 'cube,'" explained Sanderson, who conceded that installing this new racking will be a problem in some stores with low ceilings.

The company plans to bring in more building products from each store's outdoor lumberyard to be stocked in the new racking, although it is unlikely there will be a substantial increase in the amount of commodities inventory the retrofitted stores carry. "We're just trying to make our presence in this category dominant," said Sanderson.

The other side of the store will have 6-ft.-high gondolas displaying hardlines replacing existing 4-ft.-high fixtures. Sanderson said that the higher gondolas and the new layout will allow the retrofitted stores to "pick up" square footage and allow them to carry as much as 10% more hardlines inventory.

The stores will go through a number of other changes. Some of the units currently have what Sanderson said were "confusing" storefronts. So the retrofitted units will all have standardized entrance and exit doors, with a right entrance and left exit.

New paint job, signage

In the past, O'Malley's would color code each of its departments by painting the walls of its store a different color. The remodeled stores will have off-white walls.

The company is working with a local architect, Burt Notch, to come up with new interior signage that Sanderson said would be "not too flashy" but would emphasize the store's service, product quality and "value."

A courtesy counter will be installed in the front of each store to handle product returns and customer questions more efficiently.

And outside, each unit's lumberyard will be reconfigured, with some stores getting a drive-thru yard, others a drive-in, and still others, better access from inside the store. (Sanderson said it has not been determined which units will get what kind of yard.)

Survey spurs changes

The impetus behind O'Malley's remodeling efforts appears to be twofold. For one thing, the company has recently been injected with some new managerial blood, including Sanderson and Richard Passaglia, who also came from Grace West. "The company had some remodeling plans on the drawing board, but I think we've helped to spur them along," said Sanderson.

Secondly, he noted that O'Malley's management was stung by recently published reports in this newspaper on the Phoenix market, which showed the chain's image with consumers lagging far behind Payless Cashways and The Home Depot in the market. In fact, O'Malley's received a score of 7 or better (on a scale of 1 to 9) in only 3 of 15 categories: its stores' lighting; the "completeness" of its units; and the ability of customers to find what they want (*NHCN*, July 14).

"It's obvious that consumers didn't feel we had the breadth and selection they want," said Sanderson. "And it is our belief that this perception is due more to loose and undirected merchandising than a lack of items in the store.

"What we're trying to accomplish is to give our stores a clean, impressive look," he continued.

In terms of cost, Sanderson indicated that some stores require considerably more work than others. For instance, the Indian School Road unit will be completely gutted, while the Mesa store, which is only five or six years old, will get new risers on its gondolas, a new paint job and not much more.

Thornton expected to lead expansion at Goodbuys

(Continued from page 1)
"Tom's experience will help in that regard."

Erlbaum said that he would prefer Mr. Goodbuys' growth to be concentrated in the Northeast, but he wouldn't rule out expansion into other parts of the country. He added that acquisitions might include a department store chain. Mr. Goodbuys is partly owned by Vendex International, the U.S. subsidiary of Vroom & Dreesman, an international retail conglomerate based in The Netherlands.

Mr. Goodbuys currently operates 100,000-sq.-ft. outlets in Philadelphia, Baltimore and northern New Jersey. The stores are noted for their innovative use of merchandising displays, stylish ambience and an uncommon product profile including beds and linens. Previously announced expansion plans include five stores on Long Island; between four and seven in the Washington, D.C., area; two in Virginia; and two in Maryland.

Thornton's background includes a three-year stint as an assistant to W.R. Grace chairman J. Peter Grace; acquisitions vice president for the New York-based corporation's restaurant group; a similar post with Grace's home center division; and vp/chief financial officer of the home center group.

Three years ago, he moved to San Jose, Calif., to become executive vp of the then-18-store Orchard Supply Hardware. He became Orchard's president and ceo last September. Earlier this year, he attempted to pursue a management-led leveraged buyout before Grace sold the 21-store, $153 million Orchard and its other West Coast home centers to Wickes Cos.

"The timing was ideal," said Erlbaum, referring to Thornton's unexpected availability. It had been thought by many observers that Thornton would remain at Orchard or take a more prominent role in the management of Wickes' expanded home center division. Erlbaum noted that for the past year, Mr. Goodbuys had been looking for someone to add to its top executive ranks but was "not really satisfied with any of the candidates" until Thornton accepted the post.

Thornton, whose last day at Orchard was July 25, said of his move back to the East Coast: "It was not to go back East, but that it was back East was not a negative." As an additional reason for leaving, Thornton noted, "I was at a time in my career when I was looking for an equity position."